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Rai Sahib C. KOLANDA REDDI:—"I am not questioning the Hon. the President's ruling, but I am making my position clear."

* The Hon. the PRESIDENT:—"He has already made his position clear by asking for leave to introduce his adjournment motion. If the House is so inclined that that particular resolution might be advanced, they will be at liberty to do so and discuss that resolution earlier than other resolutions."

III.—ELECTION OF TWO MEMBERS TO THE ADVISORY COMMITTEE OF THE MADRAS AND SOUTHERN MAHRATTA RAILWAY COMPANY.

* The Hon. Mr. G. T. H. BRACKEN:—"I beg to move that with reference to G.O. No. 55, Railway, dated 10th December 1923, this Council do recommend to the Government to communicate to the Madras and Southern Mahratta Railway Company the names of two persons elected by this Council in accordance with the arrangement made in that behalf by the Hon. the President, to sit on the Advisory Committee of the said railway after 31st March 1936 when the term of office of the present Members of the Committee will expire."

The motion was duly seconded.

The motion was put and carried.

IV.—REPORT OF THE PUBLIC ACCOUNTS COMMITTEE—*cont.*

The Hon. the PRESIDENT:—"The discussion on the amendment of Mr. Rameswara Rao moved in connexion with the report of the Public Accounts Committee will be resumed."

* Rao Bahadur D. KRISHNAMURTI:—"Sir, the amendment of my hon. Friend is both confusing and contradictory in its wording. Amendment No. 2 of the hon. Member reads thus:

'That severe retrenchments should be effected in the office of the Hindu Religious Endowments Board and that the said Board should be abolished unless they pay up the loan advanced in accordance with the original understanding, and that the Board should have its budget passed every year by this Council.'

"I submit that if it is the intention of the hon. Member that by this motion he is proposing that severe retrenchments should be effected in the staff and also the expenditure of the Board, it has to be treated as a separate amendment. But at the same time he in the latter part of his amendment says that as condition precedent for the continuance of the Board the loans advanced by Government to the Board should be paid, else the Board should be abolished. So if the Board pays up their loans, they must be allowed to function, because he says 'that the said Board' should be abolished unless they pay up the loans advanced, etc. His amendment further says that in order to allow the Board to function and also to augment its resources the Government should enforce severe retrenchments both in its staff and

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expenditure. If the Board repays the loan this amendment is not understandable. Now as it is, his amendment is contradictory. Apart from this the hon. Member's speech exhibits colossal ignorance about the Board and its administration. Without reading the Annual Administration reports of the Hindu Religious Endowments Board published from time to time, the hon. Member went on abusing the Board for several cases of commission and omission. As a sample of his knowledge he has submitted to the House that in his native districts of Anantapur and Cuddapah there is only a single clerk drawing a salary of Rs. 20 in the service of the Hindu Religious Endowments Board and that he is not able to get on with that pay and cope with the work. If the hon. Member's proposal is to retrench and effect economy, he should not have taken this as an instance, because he said that the Board has not been adequately staffed. On the other hand if the hon. Member has cared to study the facts and figures given in the Administration Report of the Hindu Religious Endowments Board, he will find that the expenses of the Board in Anantapur and Cuddapah cannot be so much as it is in other districts as the total work there is not very much as compared with other districts. For instance in Ganjam the Board gets an income of Rs. 1,500. In East Godavari, it gets Rs. 1,400. In Tanjore it gets Rs. 2,500 but in Anantapur and Cuddapah, both put together it comes to only Rs. 468. The work in these places depends upon the number and importance of institutions from which the Board gets contributions. But the inspector or the clerk in Anantapur and Cuddapah is not getting Rs. 20 as mentioned by the hon. Member. The assistant inspector is one Mr. Ayodya-ramayya Pantulu getting Rs. 45 and for dereliction of duty he is under suspension and charges are framed against him and the matter is being enquired into, and one Mr. Madhava Rao, an inspector on Rs. 50, has been appointed in his stead. I submit that if this is the kind of information on which he wants to abuse the Board, his remarks do require very great scrutiny before they are accepted by a deliberative body like the present House. I do not wish to take up much of the time of the House by answering seriatim all the vague and reckless allegations that have been made by the hon. Member Mr. Rameswara Rao.

"In this connexion I would only refer to the extraordinary situation that had arisen sometime back and the circumstances that had necessitated the Endowments Board to apply for loans to the Government from time to time. It must be remembered that this Act is the achievement of that illustrious statesman and administrator the late Raja of Panagal of whom South India is legitimately proud. The first President of the Endowments Board was an eminent Jurist, tried administrator and saintly personality—the late Sir T. Sadasiva Ayyar—and even he could not help applying to the Government for loans on account of extraordinary circumstances during the first two years of the existence of the Board. It must be remembered that the Board came into existence in the middle of April 1925. On account of the defects in the Legislative enactment an amending Bill, in 1927, Act II

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of 1927 had to be passed. At that time the Board was in a terribly bad financial condition with regard to the levy and collection of contributions from the various temples and maths. The income of the Board in the first year was Rs. 45,615-8-7 and the expenditure Rs. 1,78,694-4-8 and the loan advanced by Government was Rs. 1,65,000. The next year the actual collection of the Board was Rs. 65,551-3-6 while the expenditure was Rs. 1,61,824-3-5. The loan advanced by the Government was Rs. 1,37,000.

"My contention as well as the contention of the Board is that the loans which were advanced by Government with a view to enable a statutory body like the Hindu Religious Endowments Board to discharge its functions so that the objects of the legislation might be achieved deserve special treatment. In this connexion I would very much like to draw the attention of the House to a statement which the Board has repeated several times in their correspondence with the Government. It is certainly worth quoting: 11-30 a.m.

'The Board begs leave to point out that the said early loans advanced by the Government had been taken, when owing to unavoidable delay in notifying the rules under the Act for assessment of contribution, the Board could not issue valid demands and under pressure of defending the suits filed by powerful vested interests questioning the validity of the Act itself, so much so that in one of the said suits the Government itself decided to come on record as a codefendant along with this Board. In pursuance of the said decision, Mr. Frank Noyce, the then Secretary to Government, Local Self-Government Department, put in an affidavit before the High Court of Judicature, Madras, the concluding paragraph of which runs as follows:—

"The plaintiff raises several constitutional questions of grave importance affecting the powers of the local Legislature and the Governor-General in Council and it is of importance that the Secretary of State should be heard thereon for which purpose it is necessary that he be made a party to the suit."

'The inherent defects of the Act were of such a grave nature that the Government had to bring forward a repealing and re-enacting measure which after being passed by the Legislative Council came into force as Act II of 1927 only on 8th February 1927.'

"Sir, it is only after two years of the existence of the Board a method could be devised, by which there was a prospect of collecting its demands. There was also considerable trouble in collecting the contributions of the Board till the Revenue Recovery Act was passed in 1931. Till then the income and expenditure of the Board could not be balanced. If the Government had treated the Board somewhat leniently during this period, neither the Government nor the Board could be blamed for it. After 1931, contributions have been regularly collected and the Board has been in a position to balance its income and expenditure more or less. But these loans have been sitting tightly as an incubus on the revenues of the Board. This matter has been the subject of protracted correspondence between the Board and the Government. The Government insisted on making a cut in the salaries of the commissioners and staff of the Board. A cut is in force since 1931 and although a similar cut applied to the salaries of Government servants has been removed, the cut is still in force in the case of the Board. Severe retrenchment has been effected and the scales have been revised according to instruction of Government. Still the Board has not been able to pay back the loans taken from the Government on account of

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very peculiar circumstances one of those being phenomenal fall in prices on account of economical depression. I earnestly suggest that the Board deserves to be treated very favourably and that it is reasonable that the loans should be written off. When the loan was first borrowed, the Board was entirely helpless on account of defects in the Act. The Government realized the helplessness of the Board and came to its rescue by advancing monies. Subsequently another loan of Rs. 50,000 was taken for Archakar suits but it was repaid in full with interest. That shows the bona fides of the Board. The abovementioned loan was taken only for the purpose of contesting the Archaka suits in East Godavari, Guntur and other Northern districts, where clever legal talents like my learned Friend, the mover of this amendment, told the Archakas, that the Act itself could be challenged and that they would not be liable to pay any contribution. In the case of East Godavari where the matter is still pending, there are still some 250 suits to be decided. Besides its normal revenue the Board had to borrow this sum of Rs. 50,000 for these suits and the same has been repaid. Therefore it cannot be said that the Board had been sleeping over its duties during 1932-33. In 1934-35 the Government calculated the total amount due from the Board and arrived at the conclusion that if the Board paid 20 annual instalments of about Rs. 35,000 its total indebtedness could be wiped off. No doubt there is a certain amount of arrears already accumulated to the credit of the Board. But, in realizing these arrears the Board has to consider questions of public policy, expediency, etc., and has to be careful not to outrage the religious sentiments of the people of the Province. The Board wants to get the co-operation of the public in its work. It will offend the feelings of the orthodox Hindus if the Board were to order the sale of temple jewellery for the realization of its dues. If the Board adopted such a course it would not get the necessary public sympathy and co-operation which is necessary to improve these religious institutions and rectify the defects in them. Of course the Board has no objection to request the Revenue Department to enforce the coercive processes freely and mercilessly; it can ask the Collector of the district to adopt the coercive processes prescribed in the Act and recover the total dues to the Board in a lump sum. The Collector will send notice to the parties and if the amount is not paid within the prescribed period sell the temple properties in auction. If no land is available, he will put in auction the jewels of the idol, utensils and so on and remit the amount to the Board. But it is not expedient and it would destroy the religious institutions. Though the Board has a right to collect its dues by adopting coercive processes if necessary, its reputation would be considerably at stake if extreme steps are adopted by it in collecting these arrears wholesale.

“ I am not asking that the loan should be straightaway written off. All I am submitting is that there is a convincing case in support of my contention, namely, to write off this loan. For the last four or five years the Board has been in correspondence with the Government on the question of the writing off of the loans and provincializing the Board and I understand the question is being examined by Government.

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"Sir, it has been said that there has been considerable delay in the enquiries conducted by the Board. Here again, I submit that the information of my hon. Friend on this subject is meagre, inaccurate and unsatisfactory. How many enquiries has he personal knowledge of? What are the enquiries to which his personal attention has been drawn? Why was there delay? I may mention in this connexion that the enquiries of the Board are of a peculiarly amphibious character. The Board is neither a completely judicial body nor is it a purely administrative body. Our enquiries can be subject-matter of suits in courts; under sections 57, 63, 73 and 84 of the Act where we proceed summarily and dispose of cases, the party concerned has always the right to take the same matter to a court of law where he has the right to lead additional evidence and thus involve the Board in additional cost for defending its act. If in an enquiry under section 84 before the Board the party contends that a temple is an excepted temple, and if he does not appear on the date of the enquiry, and the Board decides the question he has always got the right to produce fresh evidence and implead the Board as defendant in a suit filed in court challenging such an order. This is the correct legal position. Then the Board will have to support its order, and also test fresh evidence through proper legal assistance entailing costs. In a few cases in order to overcome some difficulties and avoid expenditure the Board may delay some enquiries pending decision in test cases which parties might have filed in courts. If this is what my hon. Friend really means by saying that the Board delays enquiries, I plead guilty to the charge. But when he makes a wholesale sweeping charge that the enquiries of the Board are always delayed, I challenge him to prove it by facts and figures and not by amorphous generalizations of this type. He may call for statistics from the Government regarding disposal, pendency and delay in inquiries before the Board.

"One of the objects of the Board is to do propaganda work and enlist the support of the general public. Of course the Board is in a most unenviable position between Scylla and Charybdis. If the Board is as efficient and thorough as the Revenue Department in collecting its demands, it will get the opprobrium of the public; if it is lenient, it cannot function effectively on account of pending loans and current expenditure. The difficulty is due to a defective piece of legislation passed at a time when there were peculiar disabilities which were not fully anticipated when the Act was passed. There is always strong orthodox vested interest ever ready to point out the finger of scorn and ridicule and wishing that the Board might be completely wiped out, so that misappropriation, disorder and confusion may become rampant and once more reign supreme unchallenged in the affairs of the religious institutions as was the case before the Act came into existence. I submit, Sir, that no convincing case has been made out by my hon. Friend for any one of the points raised by him in his amendment.

"My hon. Friend wants that the annual Budget of the Board should be submitted to the scrutiny of this House. May I ask him a counter question whether the administration reports, budgets of municipalities and district boards are submitted to the scrutiny of this House? Has

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this House enough time and patience to go into the administration reports and budgets of the various municipalities and district boards? Under the rules the budgets of these bodies are sent to the Local Self-Government Department and scrutinized by that department. There is also a system of audit and the accounts of these local bodies are audited. The same procedure is followed in the case of the Board also. I would ask my friend to read the annual reports of the Board with the remarks of the Government thereon. If the Government had found any serious defects in the working of the Board, they would not have come forward with a demand for supplementary grant for Rs. 1,200 the other day in order to finance an investigation of a scheme for the control of Muslim endowments in collaboration with the Hindu Religious Endowments Board. Nor would the House have voted that sum for the purpose. The very fact that the Government came forward with a demand for grant of that kind and that the Council voted that demand is proof positive that my hon. Friend's allegations against the Board are not correct. Further I may also mention that attempts were made in the Central Provinces and in the Bombay Presidency to copy this Endowments Act, but owing to financial difficulties the matter has been left to be dealt with by the new Government which will come into existence after the Reforms. My hon. Friend the mover of the motion has not made out any specific case either for wiping off the Endowment Board or for having its Budget discussed on the floor of this House. Much less has he come forward with any new proposal for effecting retrenchment in the Board so that his object can be attained. He has not made out any convincing case in favour of his amendment. I therefore, Sir, strongly oppose the amendment."

* Mr. A. RAMAKRISHNA REDDI:—"Sir, it is unfortunate that my hon. Friend, Mr. Rameswara Rao has moved for the abolition of the Hindu Religious Endowments Board especially at a time when, after the reconstitution of the Board and the vesting of its affairs in the hands of the President, Mr. Kondappa, all the disorder and confusion that prevailed in the old Board have been put right and the whole thing is in excellent working order. It is very unfortunate and I hope it is not due to any personal differences that Mr. Rameswara Rao might have with those on the Board that he has come forward with this motion.

"My hon. Friend touched upon three points. First of all he said that the Board was not collecting its arrears properly. Then he said that there was a lot of delay in the disposal of cases by the Board. Lastly he said that the financial position of the Board was not sound. As regards the collection of the arrears, I suppose my friend knows the various difficulties which the Board had to undergo in working the Act. On account of these difficulties many amending Bills were brought forward so that the method of collecting the arrears might be made simpler and easier. Recently the duty of collecting the contributions to the Board has been given to the Revenue Department as the Revenue Recovery Act also has been made applicable to the collection of contributions to the Board. After the constitution of the present Board,

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it is very clear that arrears have been going down. At any rate in the district of Kurnool and the adjoining districts arrears have been collected very vigorously. Still there are some difficulties, difficulties caused by litigation launched by interested parties in order to hamper the work of the Board.

"The orders of the Board are always the subject-matter of litigation in civil courts and there is no finality about them. It is due to this that much of the work of the Board is always hampered. If my hon. Friend wants the Board to be abolished and the old regime to be re-established, I should say that it will fulfil the desire of the vested interests who were enjoying the properties of the temple before and living by them and making the temples go to rack and ruin.

"As regards the disposal of business by the Board, I should say that so far as my personal knowledge goes, business is carried on under very great pressure. Anybody who knows about how things are going on in the Endowments office will know what late hours the officers there work, how they work even on holidays and how ordinarily they work far beyond the usual office hours. The business is done with great dispatch. Whatever blame might be attached to the previous Board, so far as the present state of affairs is concerned I can say with confidence that the business is done with great dispatch and efficiency. One can realize the great need that exists to place the Board on a firm basis by the Government giving it some financial assistance. On the other hand to say that the Board should be abolished is not a thing which, the country, at any rate which has seen the beneficent results of the Act for all these years, will ever listen to. I devoutly wish that the Government came forward with liberal financial assistance to the Board so that it may be placed on a sound financial basis."

* The Hon. the RAJA OF BOBBILI:—"Sir, my hon. Friend, Mr. Rameswara Rao by moving this motion makes, among others, the following suggestions:—That there should be severe retrenchment effected in the establishment of the Board and that unless they pay up their loans, the Board should be scrapped. At the outset of his remarks the hon. Member has made many vague statements that all matters are kept pending for ten years and fifteen years, that suits are heard and adjourned, re-opened and re-heard and so on and so forth. I am afraid that such vague accusations will not serve any useful purpose and I would have appreciated it if he had given any specific instances that he has noticed to enable the Government to really go into the matter and see whether there is any justification for such remarks. Hon. Members of this House are no doubt aware that after this Board was first created in this House, it had to contend with many serious obstacles at the very outset of its existence. The very validity of the Board was questioned and its right to levy contributions. The Board was not in a position to assert itself until the validating Bill was passed by this House. After that, the Board had to face a crop of litigation, litigation which has not yet completely ended, from the archakas and others who have claimed that the temple lands are their own personal

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inams and that they are exempt from any contribution. Of course the Government had to administer the Act passed by this House and to afford reasonable facilities to the Board to function. Therefore it is necessary that the Government should advance some loans to enable the Board to discharge its duties properly and efficiently. Of course the question of making definite arrangements to consolidate the loans and to fix the amount of annuities to be paid every year is under consideration of the Government and I may state for the information of the House that a decision will be reached in the very near future."

Mr. G. RAMESWARA RAO:—"Has the Board replied in the matter?"

* The Hon. the RAJA OF BOBBILI:—"Yes; as regards the various suggestions made, I may state for the information of hon. Members that Government are exercising every care to see that the Board is administered in as economical a manner as possible consistent with administrative efficiency. They have seen that the Board has introduced severe retrenchments in staff and expenditure. Every year the budget is scrutinized both by the Local Self-Government Department and the Finance Department and various suggestions are made to make the Board as far as possible self-supporting and stand on its own legs. Recently the scales of pay of the staff of the Board including that of the Commissioners have been revised and all measures of economy have been adopted to reduce the expenditure of the Board. Therefore it follows that Government are taking every possible care to see that the Board is administered efficiently and economically. The position now is that in the early years of its existence the Board had to get loans from the Government to run the administration. There were some difficulties in putting the original Act into operation; the validating Act was passed in the year 1927; other Acts were passed in 1931 by which power was given to the Board to recover its dues as arrears of land revenue. The Board was not in a position to enforce its rights. Therefore it is no matter for any criticism or surprise that for its very existence in the very early years, the Board had to borrow moneys. This question, as I pointed out, is receiving the attention of the Government and a solution best fitted in the public interests will be reached before long. The hon. Member also wanted to know what was the income of the Board and what percentage has been collected, and various other information. They will be found in the annual administration reports which are published by the Government. The Board has been set up by an Act of this Legislature, and it is a matter of surprise to me to hear the hon. Member seriously suggesting, without pointing out any alternative, that the Board should be scrapped. Does the hon. Member consider that the State has no responsibility for ensuring that our religious institutions are properly administered and for having an organization to look after the working of these religious institutions, and without considering or going into the merits of the question, the only criterion which he wants to apply is, because the Board has not yet paid up its loans, therefore it should be scrapped.

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I am sure that the Act itself was introduced after careful thought and consideration and I am glad to note that both the Government and the general public have now recognized that the Board in this connexion is certainly necessary in the public interests to look after the administration of our religious endowments whose administration in the past has admittedly been most unsatisfactory and not in the public interest. Of course the difficulty, during the last few years, for the Board to liquidate its indebtedness rapidly, has been due to the present economic depression. The contribution to the Board is fixed on the income of each endowment or temple. As the main income from the lands is falling down and as the prices of produce are falling down, it has resulted in a practical and substantial fall in the amount of dues to the Board by way of contribution. Although the Board is, as far as its normal working expenses are concerned, self-supporting, it finds it difficult under the present altered conditions, when its income has been reduced by a large percentage, to pay the annuities in full. On this question I feel that as long as the present economic depression continues, it will not be able to pay the annuities in full if it were to function efficiently and carry on its day-to-day functions. I am sure the House will agree with me, Sir, that this suggestion of the hon. Member to do away with the Board is not a practical proposition. From the point of view both of the public and the Government, the Board should carry on its duties properly. In conclusion, I have no hesitation in saying that the Government feel that the Board has been carrying on its duties most efficiently and to the best of its ability in the present circumstances. I hope the hon. Member will withdraw his amendment in view of my remarks."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Sir, I did not originally propose to intervene in this matter, but I wish to do so, after hearing the Hon. Minister. I do not pass my remarks in any spirit of carping criticism. I should like to draw attention to the practical difficulties in working the Act. The question is how far the Hon. Minister has met the point as to the Government undertaking the responsibility of seeing to the proper administration of the temples for which we brought this Board into existence.

"Probably the Board tries to do all it can to perform the duties that are expected of it, but the question is whether it has really contributed to the efficient administration of the endowments. I do not think, Sir, that the Board or the Government can really claim that the administration of these endowments has been really controlled by the Board or that there are provisions in the Act for their efficient control. There seems to be no agency for assuming and exercising such control. For instance, it was stated by Mr. Rameswara Rao that there is an inspector on a salary of Rs. 30 or Rs. 40 for two districts. Can it be said that this inspector as representing the Board is able to look after or supervise what is going on in the temples, probably a hundred or more, of those two districts? Again, Sir, the position of the Board itself is somewhat anomalous. It is now a tax-gatherer, a judge and an administrator. It seems to me that the three functions which it is

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exercising are contradictory to each other. Especially when we stress the expenditure of the Board, we find that the Board is naturally devoting more attention to its taxing powers and the collection of its dues than to the administration of the temples, for which purpose there is no agency whatever in the mufassal. That is a point, Sir, which has got to be seriously considered. Unless the Board itself is made a part of the Government and unless the revenue authorities are asked to carry out the objects of the Board, viz., to see to the proper supervision of the temples, it is impossible to carry out the objects with which the Act was brought into existence. This idea of the Board being a tax-gatherer should go; so long as that idea is there, I do not think it will lead to efficient administration, and the Board itself will not command anything like the regard which it ought to. It is at present doing mainly the work of collecting taxes and disposing of such of the judicial work as comes before it. I do not think it has got time for doing anything more than that. It is a very unsatisfactory state of affairs. I would therefore ask the Hon. the Chief Minister to consider whether we have not come to the stage when we should see what all amendments are necessary to bring the provisions of the Act up to the mark. It is now ten years since the Act was passed, and after all the agitation that has been carried on all these years, we have now come to a stage when the question of an enquiry into the working of the Act—whether it is efficiently worked, whether there are any defects in the Act, if so, how we can get over them, etc.—should be taken up and considered seriously. As I said, from its very constitution, the Board is not able to contribute much towards the better supervision of the endowments in the mufassal, being far away in Madras. There are 25 districts in the province and it is not possible for a Board at Madras to supervise all the temples in all the districts; and the establishment that the Board can command is such that it will not help proper supervision. In view of all these things, I think the Government should make an enquiry, either by a special officer or by a committee, with a view to facilitate the better working of the Board.

“ In this connexion, Sir, I may also state that when we took evidence in the Select Committee to consider the Hindu Maths Bill, there was a lot of evidence to show that the people did not want the maths to be brought under the Board. That only shows that there is some sort of prejudice against the Board—whether it is well-founded or ill-founded, I cannot say, because we did not enquire into the charges brought against the Board—and almost all the witnesses, except one, were not in favour of bringing the administration of the maths under the Board. Such a feeling in the public mind may no doubt be due to the Board being mainly a tax-gatherer, as I said.

“ I therefore suggest, Sir, that the Government should consider the question of holding an enquiry into the working of the Act all these ten years and make such changes in the provisions thereof as may be necessary.”

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* **Mr. G. RAMESWARA RAO** :—“ Mr. President, Sir, I have followed the debate with some interest. My remarks were meant to be absolutely impersonal, not aimed at the present administrators or the past administrators. I have no objection to any personal remarks made against me so long as they are not meant to cause any grief to the members who are interested in the working of the Act. I do not mind those remarks at all, but I may at once state that my main purpose in giving notice of this amendment was to see that the administration was improved. If I have said in any drastic way that the Board should be scrapped, it is not because I wanted that it should be really scrapped but because I was so disgusted with its administration that I thought it should not be there if it was not to be better administered, manned by better officers and more efficiently than it was done during the period in question.

“ I was called upon, Sir, to state specific instances to show how my remarks were justified; and I am glad that my hon. Friend, Mr. Ramalingam Chettiyar who was directly connected with taking evidence in the Select Committee on the Hindu Maths Bill has in a way supported me when he stated clearly that there was a lot of evidence before that committee to show that the Hindu Religious Endowments Board was not functioning properly and that its administration was not to the satisfaction of the people. Even though members on the other side were members of that Committee and were present at the time the evidence was taken, they did not cross-examine the witnesses to find out whether the allegations were justified, from their standpoint, even as we lawyers are accustomed to do in the courts. Further, the Government did not care even afterwards to issue any communiqué to the effect that the allegations made by the witnesses before the Committee were unfounded. Under the circumstances, I for one, as a member of the public, am quite justified in going off with the impression that the allegations made by the witnesses were there uncontroverted and by implication were well deserved by the Board whose conduct came in for criticism in the course of the proceedings of that Committee. It is with that idea, Sir, that I made the remarks which I did yesterday. If however any specific instances are required, I must say that I am not in touch with facts, either as a member of the Endowments Board or as a member of the Government in charge of the subject and sitting in judgment over its acts, and being only an ordinary member of the public, I can only draw a reasonable inference from the fact that the allegations made before the Committee were allowed to remain uncontroverted by the Government, driving me to the conclusion that all was not well with the administration of the Board.

“ As regards the remarks of the Hon. the Chief Minister regarding the responsibility of the State in the matter, I perfectly agree with him, but I may add that the State does not mean State officials. It means the whole nation itself, the people, and so, I am as much of the State as the Hon. the Chief Minister is, and he and I are both interested

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in the proper administration of the public funds and the public institutions of the country. Consequently, I appeal to the Minister to go into the matter and see where the mistake lies, why the public are dissatisfied with the working of the Board in spite of the ten years' existence of the Endowments Act, and what measures can be now taken to allay the discontent and convert that discontent into one of appreciation at the hands of the public.

"Sir, I don't want to repeat what I have said, and I pass on with the statement that the public are justified in expecting a detailed statement from the Endowments Board or the Government on all these matters that have been referred to. The Hon. the Minister did not take us into his confidence and say how far the loans taken by the Board have been repaid, what the Board's income is and how it is disposed of, and all that. If in the light of the remarks made by me, the Hon. the Chief Minister will go into the matter, investigate further and bring the administration of the Board to a proper level, I for one would be quite content."

* The Hon. the PRESIDENT:—"The question is:

'Add the following at the end:—

"And on such consideration this Council is of opinion—

That severe retrenchments should be effected in the office of the Hindu Religious Endowments Board and that the said Board should be abolished unless they pay up the loan advanced in accordance with the original understanding, and that the Board should have their budget passed every year by this Council."

The amendment was put and lost.

* Mr. G. RAMESWARA RAO:—"Mr. President, I move—

'Add the following at the end:—

"And on such consideration this Council is of opinion—

That better methods to facilitate the grant to ryots of loans under the Land Improvement Loans Act and the Agriculturists' Loans Act should be adopted, and that the savings surrendered to Government are absolutely unjustifiable from the rural economic standpoint."

With reference to this subject, Sir, I may refer to pages 18-19 of the report of the Public Accounts Committee, where it is said:

'Large savings occurred under loans under the Land Improvement Loans Act and the Agriculturists' Loans Act, the saving amounting to Rs. 5.64 lakhs of which Rs. 5.40 lakhs were actually surrendered.'

"This, Sir, is certainly very regrettable. I am not able to understand how it came to pass that when the Budget was under compilation, such large amounts were asked for by the district officials for allotment for purposes of loans to cultivators and when once the allotments were made, they did not see to it that they were spent for the purpose

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for which they were made. Curiously enough, Sir, such a large sum as Rs. 5.64 lakhs comes back unused, out of which Rs. 5.40 was actually surrendered. This is a matter for severe criticism at the hands of the representatives of the ryots who ought to have benefited by these allotments, and it is from that standpoint that I rise here to make my remarks on this point.

“ Sir, some explanation has been given here as to why the whole amount could not be absorbed, but it is quite clear that these explanations won't stand when they are analysed. The first explanation is said to be the paucity of applications. I for one can never believe that there is likely to be any paucity of applications. I come, Sir, from a famine zone; I know the number of applications put in, the number of cases in which loans were granted and the number of cases in which the applications were rejected. I may also tell the Hon. the Revenue Member that some applications were summarily disposed of without even being shown in the concerned registers.

(At this stage the Deputy President occupied the Chair.)

“ That is how the explanation of ‘ paucity of applications ’ has come up honestly from the lazy subordinates who do not want to administer justice to the applicants who go before them. It may also be news to the Hon. the Revenue Member if I say that some applications were actually torn away and never saw the light of day, because the Revenue Inspector in charge thought that that was the best way of dealing with those applications so as to have some more leisure for himself, instead of doing justice to his work and serving the Government that was paying him.

“ This, Sir, may be a very good reason for saying that there was paucity of applications, but I would request the Hon. the Revenue Member to look into the matter and see that very very sympathetic Revenue Inspectors are appointed for dealing with ryots in granting loans, and that all and sundry who rise up to a particular level are not burdened with this sympathetic task of helping the ryots. It is not all that have the heart required; some may have the head but only very few have the heart that is required for dealing with the ryot in his need. It is up to the Government to appoint men of the right sort and ask them to deal with the ryots directly so that the ryots may be helped to the fullest possible extent as contemplated by the Government at the centre. The desire of the Government at the centre is of course very laudable, but when it comes to the point of administration, there is an utter failure. If a man at the last rung of the ladder misbehaves he should be brought to book, which is not ordinarily done. Here, I must offer my respectful thanks to the Collector who brought a Deputy Tahsildar to book and took disciplinary action against him for having allowed a sum of Rs. 1,000 to lapse. If, Sir, every Collector, Deputy Collector or every Revenue Inspector is fully alive to his sense of duty to the people as well as to the Government, there would have been no need for the criticism in the matter of the administration of the loans

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department; and no such statement of the kind made, namely, there was paucity of applications, would have been made. To say that though the Government were anxious to lend, there was nobody to take advantage of it, is understandable. If we take the depressed condition of the country—we know the economic condition of the ryots, we know their needs—and as a matter of fact, legislative measures regarding Debt Conciliation, and Land Alienation, are profound instances to show the very verge of poverty which the ryot is reaching—such being the case, to say that when Government offer loans at more favourable rates of interest there was paucity of applications and therefore the amount allotted for loans by Government could not be absorbed, is something which can never be accepted by any reasonable person. It is with this idea that I want to draw the attention of this Honourable House as well as of the Hon. the Revenue Member to the unsatisfactory way in which the Loans department is being administered by Government.

“ There is another point, and that is with regard to the new rules issued by the Government under the amended Act for granting relief to ryots for discharging their debts. I may submit to the Hon. the Revenue Member, in spite of the very generous intentions of which he is usually capable, he has again lapsed in this respect and has not exercised the same amount of caution in favour of the ryots that I expected of him. For instance, rule 2—I am reading from *Fort St. George Gazette*, dated 29th October 1935, page 1436—says: ‘ a ryot can be entitled to loans under this amended Agriculturists’ Loans Act only when his assets do not exceed Rs. 3,000.’ I really fail to see how a man being richer is a disqualification for applying for a loan from Government. The Act does not say that, but curiously enough the rule puts a brake upon the qualification of the ryot to apply for loan which he needs. Not only that, the second point is this. The applicant’s total debts ought not to exceed Rs. 2,000. That again is equally hard. What does this mean, and what do the Government mean by insisting on a figure as maximum liability, so long as the party gives sufficient security for the loan and wants to have the benefit of the easy rate of interest which Government is willing to offer to the ryot? The third point is, unless the ryot is able to discharge all his debts, he is not entitled to the loan under the Act. That is again a hardship. It is left to the ryot to say in what equated instalments he can repay his old debts. It is not for the Government to dictate to the ryot ‘ unless you offer to pay back up to the last pie and that to-day, I won’t give you any accommodation, I would rather ask you to die of starvation than survive for some more years till better times come and then make up your mind to pay up the balance of your debts.’ There is another point which the rules lay down, and that is, they allow the ryot to claim benefits under these rules only to discharge debts which he incurred before 29th October 1935 . . . ”

* The Hon. Sir CHARLES SOUTER:—“ Sir, I do not wish to stop the hon. Member unnecessarily, except to ask you, Sir, whether this is in order on the motion before the House. The motion refers to certain

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surrenders which occurred during the year 1933-34, long before this new provision for the repayment of debts was ever introduced. Is he in order now in bringing the orders passed subsequently, under the motion which he has moved."

* Mr. G. RAMESWARA RAO:—"If I may explain my position, Sir, my resolution runs as follows: 'that better methods to facilitate the grant to ryots loans under the Land Improvement Loans Act and the Agriculturists' Loans Act, should be adopted . . .' I was only referring to the future as to how it should be done. I took advantage of this occasion to speak on this topic and took this opportunity to suggest to the Government to see that they do not give any scope for similar criticisms when next the report of the Public Accounts Committee comes up for discussion. If you will allow me, Sir, I shall proceed.

"Thus, Sir, you will see that amongst the qualifications required for obtaining the loan, these four limitations are something which we never expected. To say that the Agriculturists' Loans Act was amended so as to enable the ryot to borrow from the Government to discharge antecedent debts also and then to say the rules are here to see that we give loans only to discharge debts incurred before 29th October 1935, is very very uncharitable. Now, Sir, if that be the case, what about the loans which may be borrowed to-morrow or the day after or even next year? Does it mean that the Government will refuse to give any assistance to the ryots and still say that the Government stand by the ryot and help him with loans on easy terms of interest to discharge previous debts, or by means of a statute you are going to legislate by implication that no ryot shall borrow from anybody else in the world hereafter or from 29th October 1935? This is something which the Council, when they accepted the amendment regarding the Agriculturists' Loans Act, never bargained for nor anticipated. This is a surprise sprung upon the Council and the public and is the result of the indirect legislation of the Government made under the rule-making power.

"Coming to rule 6, the special loans officer is made the dictator to dictate both to the debtor as well as to the creditor as to what amount shall be paid to discharge the debt and what amount shall be accepted in full discharge irrespective of the contractual commitments between the parties concerned. We are quite aware that the world is full of honest debtors who are anxious to see that the creditor is not allowed to take back even a pie less than what is legitimately due to him. If a man asks for benefits under the rules, he is then asked to say that he shall only pay a quota of the debts due to the creditor and the creditor is asked to say that he would accept only this and nothing more, whatever his contractual obligations may be with the debtor. That is a thing which is absolutely immoral for any man outside contractual relations. It is one thing for the State to say, we legislate like this and therefore this legislation is binding upon you. This becomes a sort of morality apart from divine law. But according to the rules made, the debtor is to refuse to pay something and the creditor must agree to take what is offered. This is foreign to all ordinary morality of commercial transactions.

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“ Then, coming to rule 8, Sir, it says that the security must be $1\frac{1}{2}$ times the amount and that it must be in the form of lands, as if a man owning a house is not capable of giving security. It further implies that the security should not be personal security. If a man is a banker, is it impossible for him to give security for Rs. 200 or Rs. 300? To deprive the poor debtor of the chance of getting a loan on the security of a personal nature, is something which I am not able to understand. I do not know what the mind of the Government was when they passed such rules as that land alone should be the security of the primary debtor as well as of the guarantor. Sir, we are aware of the principle that was accepted by this Council in connexion with the Land Alienation Bill, namely, that the lands of the agriculturists ought not to be liable for sale. When that principle has been accepted by this Council, now the Government come forward . . . (Diwan Bahadur T. A. Ramalingam Chettiyar: It has not yet been passed, but only leave to introduce was given.) Whatever it may be, the principle that agriculturists' lands should not be liable for sale for recovery of debts incurred, has been the accepted policy. However, I shall deal with it when it comes up. Anyhow the tendency seems to be that the land of the agriculturists must be kept beyond sale for any debts due by them. That seems to be the general trend of policy; but now for the Government to come and say, we shall not accept any security except agricultural and arable land, is something which does not appeal to an agriculturist or even a commercial man.

“ Then, as regards the question of damdupat or 6 per cent interest which is left to the kind and sweet will of the dictator, the special loans officer, this is equally grotesque. There is another point and that is the last point I want to mention in this connexion. The Government Order issued in this connexion, namely, No. 2532, Revenue, dated 25th October 1935, states that the rate of interest has been fixed at $5\frac{1}{2}$ per cent. I think it was only a few days ago that the Government told us that the rate of interest prevailing between this Government and the Government of India is $3\frac{1}{4}$. When $3\frac{1}{4}$ per cent is the rate of interest paid by this Government to the Imperial Government, I do not understand why this Government want to get an additional profit of $2\frac{1}{4}$ per cent from the ryot. I do not think it is either a fair or charitable rate, even if they want a margin to cover their expenses. It seems to me that they want to come in as an usurer, for when the Government of India is lending at $3\frac{1}{4}$ per cent, they want another $2\frac{1}{4}$ per cent for their own purposes. I submit, Sir, these are things which require reconsideration, and steps should be taken to see that easy money is available to the ryot whenever he wants it and that the terms must be made easier and cheaper, and they should also see that the Loans department is administered with greater charity and mercy to the ryot and it must not be made a commercial concern to book profits.”

Diwan Bahadur M. GOPALASWAMI MUDALIYAR:—“ Mr. Deputy President, Sir, I second the motion. In doing so, I would like to invite the attention of the hon. Members of this House to the fact as to how

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unfortunately these loans which have been taken by the ryots have been affecting them, particularly the people in the famine zone where loans have been taken for the ostensible purpose of improving the lands. As a matter of fact, I do not think I am stating anything wrong when I say that so far as my district is concerned—I can vouch for it from personal knowledge—all the loans that have been taken have been utilized not to improve the lands, but were used in order to prevent starvation. They were utilized by the ryots in order to buy food-stuffs so that they may live; they were used in order to meet the expenses of necessary ceremonials at home which could never be put off; they were used in order to pay off the very harsh creditor who would sit ‘dharna’ at the door of the debtor and who would never allow him to go out and attend to his avocations. Sir, that is the way in which the loans that have been granted have been utilized. Such loans are even now outstanding in my district to the extent of, I believe, not two or three lakhs—probably the Hon. the Revenue Member may remember—but ten or twelve lakhs. Year after year, the repayment is being postponed, either because there is famine or there are conditions leading to famine. I want to know how long this miserable state of things is to continue, how long, this mill-stone round the neck of the poor agriculturist is to continue? I wish to ask the Hon. the Revenue Member what he is going to do in regard to this matter.”

* Mr. K. A. NACHIYAPPA GOUNDER:—“Sir, with your permission, I beg to move my amendment to the amendment of Mr. G. Rameswara Rao and it runs as follows:—”

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‘In line 3 of Mr. Rameswara Rao’s amendment omit the word “and” and add at the end the following: “and that the latest amendment to the Agriculturists’ Loans Act, i.e., Act XVI of 1935, be put into effect in all the parts of the Presidency at an early date”.’

In moving this amendment, I should like to say a few words on this as well as on the original amendment of Mr. Rameswara Rao. In the Public Accounts Committee report we find that a sum of Rs. 5.40 lakhs has been actually surrendered. This is very lamentable news indeed and my request to the Government is that they should devise methods to see that the amount that is allotted to help the ryots by way of loans at cheap interest is expended to the last pie so that the ryots may derive the full benefit out of it. Instead of spending the amount in that useful way, making allotment and allowing a good portion of it to be surrendered is no good at all. The Agriculturists’ Loans Act has been recently amended accommodating the advance of loans for discharging prior debts and we have been all paying encomiums specially to the Hon. the Revenue Member with regard to the new Act, since we thought that the new Act will be brought into effect all over the Province and it is bound to bring a good deal of benefit to the ryots. But the Act has not been given effect to in all parts of the Presidency as we anticipated but it is being experimented upon only in two revenue divisions in the whole Province. There also we are not able to know

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how long this sort of experiment will go on and what experience they have gained so far in the matter. It is a matter in which the whole Presidency is expecting to be benefited and the Government must rise to the occasion and see that the Act is put into force and regular action taken in all parts of the Presidency. No doubt the Land Mortgage Banks are extending some help to a few ryots by advancing loans to discharge their prior debts; but the provision of law behind them is not so convenient for the recovery of the amounts as in the case of the Agriculturists' Loans Act and we are bound to be overcautious in advancing loans and so the benefit derived from these institutions is not as much as we are in need of and the application of this Act is quite necessary to cover cases not covered by the Land Mortgage Banks. In the Land Mortgage Banks we are not advancing loans to an appreciable degree as we are hedged in with a number of difficulties and we have to confine to advancing loans not exceeding 35 or 40 per cent of the value of the properties as estimated at the lowest rates now prevailing. Thus we are not able to extend help to the needy ryots as much as we should do and so I want the application of this new Act (Act XVI of 1935) to all parts so as to render help to the ryots to the fullest extent. I request the Government to see that the Act is extended to all parts of the Province immediately. Another advantage the Government have got now is that they are able to get loans from the Government of India at a very low rate of interest and if they take this opportunity they can help the ryots by advancing loans at a cheap rate of interest.

“ Then, coming to the rate of interest charged under the Agriculturists' Loans Act, I find $5\frac{1}{2}$ per cent per annum is adopted and this is rather hard indeed. When the Government are able to get loans at $3\frac{1}{4}$ per cent I cannot understand why they should impose an interest rate as high as $5\frac{1}{2}$ per cent, i.e., $2\frac{1}{4}$ per cent in excess for the loans that are advanced by them. They may as well look to help the ryots by reducing the interest as much as possible. Then, Sir, I find some strange and queer conditions under the rules and one of them is that the loans should be advanced only to those whose properties do not exceed Rs. 3,000 in value. I do not think there is any justification to put in a bar like this. If a man is to have property more than Rs. 3,000, is it a sin on his part that he should be left out of the benefit of this Act? It does not seem to be fair, Sir, that Government should consider the matter in this way. They should see that the benefit is extended to one and all. Another thing is that they are advancing loans only to the maximum extent of Rs. 2,000. This is also a thing which the Government will have to reconsider. In limiting the loan to Rs. 2,000 many people who are in dire need of a loan exceeding that amount and have enough properties to give in as security will be left out of the benefits that can be derived by this Act. So I do not think it is desirable to shut such people out. When the Government have got sufficient security they may as well come forward and advance a loan since it is clear that there is no danger or there is no loss to the money they are advancing. Then, Sir, with regard to the fixing of the amount that is to be advanced to an applicant a

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loan, the procedure that has been initiated in the present rules is rather very curious. It is stated that the Loans Officer should fix the sum of each debt which in his opinion and in the circumstance is in equity fair to both the applicant and his creditor in full settlement of the debt but in no case it should exceed twice the principal or principal and interest at six per cent simple interest, whichever is less. I do not know what powers the Loans Officer has got to fix in an arbitrary way and force the creditors to come down to the amounts so fixed by him. The only power he seems to have got is that he may reject the application if such a settlement is not reached. Then what is the remedy for the applicant? Nothing. Under such stringent conditions, I doubt, Sir, whether any appreciable number of applicants could derive some benefit by this Act. It will not also make the creditor's position easy, to go readily to the Loans Officer and have the debts due to him settled in an easy way. Rules must be made in such a way as to bring in the debtor and the creditor to some amicable settlement. The present rules, I fear, will as well prevent such a course. I can illustrate the difficulty by a specific example. Supposing a man borrowed a sum of Rs. 200 from another by mortgaging his lands worth Rs. 1,000. Also suppose that owing to non-payment of interest for a long time the principal and interest come to Rs. 500, i.e., exceeding twice the principal, and the creditor is not willing to accept anything less as he has got properties worth Rs. 1,000 as surety. In such a case the Loans Officer has under the existing rules to say that because the principal is only Rs. 200 and the principal and interest exceeds Rs. 400, he cannot comply with the request and he will have to reject the application even though the party has got a property worth about Rs. 1,000 to be given as mortgage and he is willing to relieve himself by paying in full, i.e., Rs. 500 to his creditor. Rules such as this may work a good deal of hardship for the applicant and so the Government must see that the benefit of this legislation is availed of by the ryots by adopting such rules as will make it easy and advantageous to get loans. With these few words, Sir, I move my amendment and I hope it will be accepted by the House."

Mr. AHMED MEERAN:—"I second it."

Mr. A. RANGANATHA MUDALIYAR:—"Mr. Deputy President, Sir, in the course of the discussion on these amendments it has been suggested that the loans advanced under the Agriculturists Loans Act for the improvement of land were utilized for purposes other than those for which they should have been utilized. I am afraid it is a serious statement to make, which is not borne out by facts. According to the rules, when a loan is advanced under these Acts an officer has to go and inspect and report whether the work for which the loan is taken has been executed or not. There is an inspection of it by the tahsildar, and the deputy collector, if not the Collector also. To suggest therefore that these loans have been utilized for other than bona fide purposes and that all the officers in the district from the Collector down to village officers were parties to a more or less fraudulent transaction is far too

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serious a statement to make and I submit it is neither correct in fact nor fair to the people concerned. Having said that, Sir, I must proceed to the further question how far the Government should collect the loans they have advanced under this Act. I agree with Mr. Gopala-swami Mudaliyar that these loans served the purpose of relieving distress in the district, not because the borrowers did not execute the required works but, in the carrying out of the works, they employed themselves and others and earned for themselves the remuneration due to them. In that way these loans were really a measure of famine relief. Government must take note of that fact and not overlook it. Government have been trying to collect loans for the last several years. With what result? Unfortunately seasons have been successively bad years and even after a good harvest, what is left to the ryot is hardly enough for even a part of the year. It seems to me therefore a sound proposition for the Government to consider the economic condition of the ryots and see how far they would be justified in recovering the loans advanced to the ryots under the Takkavi Acts when really they would have to spend far more than the loan amount for relief of distress, if they had undertaken the work themselves. For this purpose, the Government may take all the villages in which large scale loans have been advanced and classify them according to the average outturn of important crops of those villages during the last series of years. If on striking an average you find that the people of certain villages have not realized more than three-fourths of the average outturn then I submit Government may make up their minds to remit one-fourth of the loans advanced to them. If the average is half they may remit half; if the average is one-fourth let them remit three-fourths. Proposals to this effect were submitted to the Government some time ago and as a result thereof they remitted the interest due on these loans. But they did not proceed further presumably because of the then financial conditions. But then, Sir, after all there must be a certain element of humanity in the administration. If it is difficult for people, even under normal circumstances, to make both ends meet, it is bad policy to place a heavy burden on them. I therefore submit to the Hon. the Revenue Member and the Hon. the Finance Member that they may kindly take up this matter and regulate the remissions according to the condition of the villages as determined by the average outturn of the last several years.

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“ One thing more I submit. In one of the answers to the questions given to-day, the Hon. the Revenue Member mentioned the commutation price that had been taken into account for the resettlement of certain districts and the price as it would be if calculated on 1st January 1936. The prices given were for paddy, and I have to confine myself to them. In the Bellary district, the commutation price was taken at Rs. 167, if I remember rightly, for purposes of resettlement, and the present price is put down at Rs. 190. At once by a comparison you will see what little margin is left for the change in the conditions for the people. It is said, Sir, that, according to the rules followed by the Settlement Department, the enhancement is never made at the full

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permissible rate, but that a liberal margin is made for increase in the standard of living, for merchants' profits, for distance from the market and so on. You will see that if all these percentages are allowed, they will certainly come to more than 25 per cent. But according to the figures furnished to us, the difference is not even 23 per cent. Therefore, I submit that this is yet another reason for the Government to take into account in the case of these famine-stricken villages and deal with them liberally in the matter of collection of the loans due by the agriculturists."

* The Hon. Sir CHARLES SOUTER:—"Mr. Deputy President, Sir, this motion is in two parts. The first is concerned with the large amount which was surrendered during the year 1933-34 in the allotment for loans under the Agriculturists' Loans Act and the Land Improvement Loans Act. Some Members, I think, seem to think that this sum of Rs. 5.64 lakhs was the total allotment; out of that Rs. 5.40 lakhs have been surrendered; in other words only Rs. 4,000 was given as loans. It is not the case at all. I cannot recollect accurately the amount budgeted for in the year under those two Acts. But the average is somewhere round about Rs. 14 lakhs a year, and this year it is Rs. 20 lakhs. Quite apart from that, I quite agree that this amount surrendered is too large a proportion of the actual allotment under the budget, and I will take steps to bring this matter to the notice of the Board of Revenue and ask them to see so far as they can that such large surrenders do not occur in future.

"This brings me to the second portion of the motion which is concerned mainly with the administration of the new Act which we brought in last year under which we can grant loans for the discharge of debts under those two Acts. There I think it is more than possible that every penny we budget for under those Acts will in future be spent. Because, I can assure the hon. Members that in the very limited area in which we have introduced our recent Act the number of applications which are coming in is so large that there is every likelihood that all our allotments will be spent.

"But, Sir, certain criticisms have been advanced which seem to show that the rules which we have framed for the carrying out of the relief of debt are not acceptable. First of all, the criticism is made that the maximum amount of loan which can be given under this Act is Rs. 2,000. Now, Sir, that sum is deliberately placed there in order that we should not by our loans under this Act interfere in any way with the operations of the Land Mortgage Bank, and also we had in view the possible enactment at that time of the Bill which will be passed into law at this sitting of the Council, viz., the Debt Conciliation Bill. We have had to take that into consideration. Our Act, as we all remember, was designed to help as far as we can the smaller debtors who form a very large part of the total number of debtors in this Presidency, and we do not think it is a legitimate form of help under that Act to grant loans to debtors who have taken very large loans. By doing so, a considerable number of smaller debtors would

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never be relieved, considering the amount of money which Government have at their disposal for the purpose. That, Sir, was the reason why we fixed the amount of loan at a maximum of Rs. 2,000. Then, Sir, it was subjected that the rules did not apply to future debts. I think that that criticism forgets that the Act which we passed was brought in very largely in consequence of the report of the Special Officer who was appointed to enquire into the rural indebtedness, and his conclusion was that something like Rs. 200 crores of debt was now owed by the agricultural classes. It was to relieve that more than future debts that that Act was passed. I think it was done rightly for this reason that a large portion of that debt was caused by the recent economic depression, and it was to relieve the unfortunate people who were driven to take loans that the Government took the steps which they have taken to advance loans for the relief of debt. If, however, we are going to increase or extend our activities in the manner suggested, well, Sir, I do not think that even the finances of the United Kingdom would be able to bear the strain.

“ Well, Sir, there was some criticism as to the apparent dictatorial powers given to the Special Officer who is administering the grant of these loans. Some one must be appointed in the matter, and I do not think we can do any better than give these powers and give him wide discretion to dispose of the applications he receives in as quick and summary a manner as possible. For, after all, what we want is quick disposal of those applications by adopting a procedure by which this officer's decision is speedily given, as otherwise we shall never get through our work at all. I must also remind the House that this Special Officer has sitting with him an influential man of the locality who knows the people and advises him as to the lines on which he should act. Both the Hon. the Finance Member and myself have actually seen one of those officers working, and it struck us that he was getting through his work very well indeed and that the applicants who numbered scores of them seemed to be perfectly satisfied with the procedure adopted. The only criticism on his action was as to the amounts of debts he has scaled down, which I think answers one of Mr. G. Rameswara Rao's criticisms. In other words, he did not exercise his dictatorial powers in such a manner that he was unduly favourable to the creditor and not to the debtor. In Rajahmundry, the other deputy collector has just started work, and I have seen his last report. And although he managed to grant loans to the extent of something like Rs. 33,000, he had only managed to scale down the debts by Rs. 3,000, that is to say, about 10 per cent. (Interruption.) Mr. T. A. Ramalingam Chettiyar seems to suggest that it may be only on paper. But, however that may be, it seems to me that unless he is able to do more than that we shall not be able to give a vast amount of relief to the agricultural debtor. In the Chingleput district—I am merely stating it from memory—if my memory is correct, the scaling down was something like 20 per cent; but even that was with reference to longstanding debts. If we take into consideration debts of recent origin, it must be obvious to everybody that no creditor will agree to scale down his debts

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at all. By insisting on scaling down of recent debts, we will only prevent the agriculturist from getting a loan which otherwise he might possibly raise quite comfortably.

"Then, Sir, in regard to this idea of compulsion, I will only draw the hon. Member's attention to the terms of that Bill which I hope will be passed to-morrow, which Bill really has a greater amount of compulsion in it, but certainly not the Bill which the Government passed last October.

"Then, I was asked why we were charging $5\frac{1}{2}$ per cent as interest on our loans, while we were getting our own money at $3\frac{1}{4}$ per cent. The answer is obvious. I do not wish to make a comparison with the Land Mortgage Bank; their rate of interest is higher than ours. But I must point out that our cost of machinery for carrying out this Act is high. Remember that we have just deputed two deputy collectors, and we shall have to appoint probably a considerable number of revenue inspectors for the purpose of carrying out this Act, and those officers do not cost little. I think as people in charge of public revenues we must see that the rate of interest which we charge, considering also the fact that the market rate is higher, is one which will not leave the general tax-payer at a loss. That is the sole reason why we had to charge this rate of $5\frac{1}{2}$ per cent.

"Then, Sir, Mr. Gopalaswami Mudaliyar made a statement with reference to which I have to say that it has been answered, so far as I am concerned, to my satisfaction by Mr. Ranganatha Mudaliyar. To that statement, namely, of giving of loans for purposes not connected with agricultural operations, all I can say is that the officers probably did not know about it and I cannot believe that that sort of thing was of any general application, and I think I have only to give the remarks made by Mr. Ranganatha Mudaliyar as a sufficient answer to that allegation. 1 p.m.

"Then I take into consideration the further amendment moved by Mr. Nachiyappa Gounder who wished that the Act for relief of indebtedness should be extended as widely as possible to other parts of the Presidency. That, Sir, the Government will do as soon as they can. The fact is that it is going to be a very costly method of proceeding. We shall have to bear it. If the result of all the trouble we are taking is simply to scale down the indebtedness to 10 per cent, it seems almost useless to go on with it. The real benefit the ryot will get would be very little. We have recently emphasized to the officers concerned that they must make endeavours to scale down the debt to a greater extent and if that is done I assure this hon. House we will extend our operations elsewhere, I cannot say to what extent, but we shall do it to the utmost of our power.

"Then, Sir, Mr. Ranganatha Mudaliyar made some remark with reference to his district. I only think with all respect to him that on this Public Accounts Committee report it was hardly relevant or in order. I do not propose to answer it, except to say this, that to Bellary

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we have given very special treatment. We have suspended the collection of loans, we have written off interest on loans, and in many cases we have written off loans as irrecoverable, and I do not think that the Bellary district, to which, if my memory is correct, we have advanced 25 lakhs of loans, can be said to be badly treated. How far they will be recovered will depend on the crops of the future. That is all I can say.

"I quite sympathize with Mr. Rameswara Rao in the fact that a large amount of loans budgeted for in the year 1933-34, were surrendered. I am not responsible for it. We are taking steps to bring that matter to the notice of the Board of Revenue to take such measures as are necessary to see that it does not recur. As regards the Agriculturists' Loans Act, Government intend to do all it can to work it successfully. Our rules are only temporary. We must see how they work before we can change them. If they are not satisfactory we will reconsider them. I think, Sir, in view of what I have said there is little object in pressing this motion."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Sir, there are two points on which I have to join issue with the Hon. the Revenue Member in his usual sympathetic speech. One matter is, he said, Sir, that the rate of interest fixed by the Government in the recent rule is a fair rate and if they reduce it the general tax-payer will suffer. There I do not think the Hon. the Revenue Member is quite correct. The rate of interest the Government is paying to the Government of India is $3\frac{1}{4}$ per cent (the Hon. Mr. G. T. H. Bracken: 'Only recently.'). They propose to lend to the ryot at $5\frac{1}{2}$ per cent. There is a difference of $2\frac{1}{4}$ per cent. That I beg to submit is too much and can easily be scaled down by another half or one per cent. Even last year, when the rate of interest was a little higher we were pressing that it should be reduced to 5 per cent at the utmost. Now that the Government of India has reduced their rate of interest still further to $3\frac{1}{4}$ per cent, I beg to submit that the Government ought to reconsider their position at once and reduce the rate of interest they are charging to the ryot. In the case of the Land Mortgage Banks it is true we are charging now six per cent. The reason is obvious; we pay a higher rate for the debentures we are issuing to the public, because our credit, in spite of the guarantee of the Government, is not as high as Government's. Therefore we have to pay a little extra for the money we are getting from the public. And so naturally we are forced to charge a little extra. Not only that. Our loan has to pass through two channels. First there is the cost of the central bank, then there is the cost of the primary bank by which money is lent ultimately to the borrower. The cost of the administration of these two agencies has to be met in addition to the higher rate we are paying to the public. The Government has not got all these things. Without the intercession of a central bank and a primary bank, the cost of administration to the Government ought to be very much less. Such being the case they ought to be in a position to lend money at a lower rate of interest. That is a matter which I hope the Government will consider very soon.

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"The second point, Sir, on which I want to say a word, is this. The Hon. the Revenue Member said that the cost of the special agency employed for giving effect to the new amendment in the Agriculturists' Loans Act is high and it will not be possible for the Government to extend it very largely, but still they will try to do it. That is what he said. Sir, I have been suggesting to him from the very beginning that he may use the ordinary agency of the Revenue Divisional Officer and the tahsildars in all the districts. Where the number of applications is very heavy, there he may think of having a special agency. I don't see why he should object to that course, and why he should always be thinking of special agencies. A special agency is costly and it will not be possible for Government to find special divisional officers but it ought to be easy for the Government to entrust this work to all divisional officers, and if in a particular area the number of applications has largely increased then they may think of special agencies. These are the two matters which I hope Government will take into very early consideration and see that the benefit of the Act is extended throughout the province."

* The Hon. the DEPUTY PRESIDENT:—"Is the hon. Member pressing his amendment?"

Mr. K. A. NACHIYAPPA GOUNDER:—"On the assurance of the Hon. the Revenue Member I do not press it, Sir."

The amendment was, by leave, withdrawn.

Mr. G. RAMESWARA RAO:—"May I know, Sir, when my district is likely to get the benefit of the new Act?"

The Hon. Sir CHARLES SOUTER:—"I shall forward the discussion to the Board of Revenue."

Mr. G. RAMESWARA RAO:—"In the light of the very hopeful assurance given by the Hon. the Revenue Member that he will forward the discussion to the Board of Revenue for the better administration of the loans department hereafter, I think I need not take up any more time of the House, and I withdraw my amendment."

The amendment was, by leave, withdrawn.

* Mr. G. RAMESWARA RAO:—"Sir, I beg to move—

'Add the following at the end:—

"And on such consideration this Council is of opinion—

'that a committee should be constituted to examine the provisions of State Aid to Industries Act and the rules framed under it and to advise the Government as to the modifications necessary to make the Act really useful for the industrial advancement of the country.'"

In moving this motion I refer to page 21 of the report under consideration, and also page 63 wherein fuller details are given, in the appendix. From the appendix I see, Sir, there are at least five instances of advances under this State Aid Industries Act which had to be written off, and could not be recovered. A notable instance is the advance to paper mills wherein a large amount of Rs. 3,86,428

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had to be written off as being irrecoverable. I am not here to criticize the basis on which the loan was advanced, whether a scrutiny was made before advancing such a loan, and how it was that such a large amount came to be written off. In the matter of improving the indigenous industries of the country some risks have to be taken by the State and some amount may have to be written off. But my point is that loans are not being given in as satisfactory a manner as possible, and no real impetus has been given for the development of the industries. As has been stated by them in the appendix as well as in the report 'The position is accepted that the Act has not been successful in stimulating the industrial development to any appreciable extent while the position of majority of concerns to which assistance was given affords little ground for satisfaction; but it is observed that the country is still passing through a period of widespread economic depression, and the Act is also capable of improvement.' It is that improvement that I want the Government to effect as soon as possible. The Act has to be amended as well as the rules under it. Recently, last month, about the 15th or 16th January I happened to read in the newspapers that the Council of the United Provinces have appointed a committee to go deep into the matter and see what further effectual aid could be given to industries. All I want at present is to request the House to follow the very good example set up by the United Provinces so that suggestions may be made to the Government to improve the Act and the rules, so that we may give the right impetus for the development of indigenous industries. With these few remarks, I move the motion."

Mr. K. A. NACHIYAPPA GOUNDER:—"I beg to second it. We also find that in the Public Accounts Committee Report they make the same recommendation, and so I don't think there will be difficulty in accepting this motion."

* The Hon. Mr. P. T. RAJAN:—"Sir, it has been admitted that the working of this Act has not been satisfactory. The Public Accounts Committee's recommendation is that the matter should be looked into. On receipt of that recommendation we have asked the Director of Industries to offer his remarks and when those remarks are received they will be submitted to the Board of Industries which consist of men who represent industry, commerce and so on. When the recommendations of that Board are received by Government I will certainly consider the question of obtaining the views of this House on them. I hope with this assurance the hon. Member will withdraw his motion."

Mr. G. RAMESWARA RAO:—"I withdraw."

The amendment was, by leave, withdrawn.

* Mr. G. RAMESWARA RAO:—"Sir, I beg to move—

'Add the following at the end:—

"And on such consideration this Council is of opinion that effective retrenchment in the Kerala Soap Factory should be made as there is no market for its turnover and as the said factory is now working at a serious loss." "

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" I must first explain what I mean by serious loss. It is only loss in the sense that the capital invested in the concern is out of proportion to the turnover or that the earnings are much less than in previous years. It is this comparative loss that I refer to. Sir, at page 27 of the Report of the Public Accounts Committee we find: 'The Accountant-General has brought to notice the fact that the net profit of the concern in 1933-34 was Rs. 9,126 as against Rs. 54,150 in the previous year.' This shows that our profits have gone down by Rs. 40,000, and the explanation given is that it is 'due chiefly to a large reduction in the turnover of the institute.' We find: 'the Accountant-General has remarked that the necessity for effecting a reduction in the overhead expenses in proportion to the reduced output would arise if the latter tended to become a permanent feature of the concern.' What I want to put to the hon. Members is whether it is necessary to wait till such moment and then look up the balance sheet. I would suggest to the Government, on the other hand, that the moment there is a reduction in turnover and the overhead charges continue what they are, they should take a right-about-turn. One of the suggestions made by the Committee is the possibility of meeting in full the soap requirements of all departments of Government (especially jails and medical) from the Kerala Soap Institute. In other words, it comes to this: we are not able to keep pace or compete with the market in general; therefore give us a sort of patronage and make us go on somehow or other, whether the Government stands to gain or lose. We will thrust our products upon the Jail department and the Medical department and somehow find sales for them at fancy prices. I suppose that is not businesslike. If you want to run a commercial institution, you must be able to compete in the open market. This institution was started as an experimental concern. You have shown that the soap industry can thrive in this country. Now you find that your profits are dwindling and before you begin actually to incur loss, you should retire from business.

" It is one thing to say that there is some research made in oils in this factory. If your idea is to do research in oils, the best thing to do is to open a separate institute for it and show the public how they can make money by starting similar enterprises and not combine it with this Soap Institute and keep it going even at a loss. This is certainly a very bad precedent to be set either to the succeeding Government or to the people who want to start new industries. If people find that in this institute you are incurring a loss, it will discourage them and they will have no desire to start similar industries. Therefore, instead of calling it a soap factory and then saying that you are carrying on research in oil there, it is better to call it an oil concern and give the public the benefit of the researches made therein. I submit that the Kerala Soap Factory must be reduced to the irreducible minimum so far as soap manufacture is concerned and if it is the idea to carry on oil research, you must start another institute for the purpose."

Mr. K. A. NACHIYAPPA GOUNDER:—" I second the motion."

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* Mr. A. RANGANATHA MUDALIYAR:—"Mr. Deputy President, I think from the facts stated by the hon. Mover himself, the proposition cannot command the support of the House. That proposition has definitely been put forward on the assumption that we have been incurring a severe and heavy loss. When it is not so, when the factory is earning a profit, though smaller than in previous years, the reason for its abolition has altogether disappeared. I should say, Sir, the results of the concern might be shown in a more attractive form if certain things are taken note of by the Hon. Minister. For one thing the capital of this concern is far too high. It was established at a time when people had not much experience of starting industrial concerns. A large amount of capital was therefore invested. I think they should now take the value of the concern at what it really would have been, if it had been started by a good business man and reduce the figure shown as capital proportionately. On that basis, we would find that we are getting from the concern a higher percentage of income.

"Secondly, the Government are pursuing a wrong policy in keeping all these experts on a temporary basis. This does not give an incentive for a person placed on a temporary scale with the probability of being turned out at any time, to do his very best in anything that he does. I am saying this from my own experience of a particular concern. When I went there and talked with the man in charge and asked what he had done, he said that he has done something here and something there. When I asked him further as to what results he had published, he said he had done nothing and the reason given was that his tenure of office was temporary and if he published any results of his work and was thereafter turned out of office, he would have no means of earning his bread. This is an actual case that came within my experience. Human nature being what it is, one cannot expect people occupying temporary posts to do their very best knowing that even their very best would not be appreciated by the Government and their tenure of office would still be insecure. I therefore suggest that these experts should be placed on a permanent basis. They can do a lot of work. The present man in charge of this factory has been trained for other kinds of work also. If he has finished the soap work, why should he be placed in charge of the same any longer? He may be put in charge of some other work and his pay debited to that work. In conclusion I would say that so long as the factory is working at a profit, small or great, I deprecate its being abolished."

* The Hon. Mr. P. T. RAJAN:—"Sir, when this matter went before the Public Accounts Committee, they made the suggestion that the overhead charges should be reduced in view of the smallness of the profit compared with the previous years. So, it is only a question of reduction in the profit and not a question of the institute being run at a loss. The reduction in the profit is due to various causes, one of them being the present state of depression and, the others, competition of foreign manufacturers and other soap makers who have been turned out of this institute, who offer better terms to people in the way of

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advertising and selling their goods. The Soap Factory is not a commercial concern and as such it cannot compete with them and offer lower rates. In order to see that the maximum turnover is obtained and also maximum sales are found, the Director of Industries is addressing all the other Heads of Departments—the consuming departments, to see that they place their entire order for soaps with this factory. When that is done, I am quite sure there will be every chance of the profit going up. At this stage I would give the House the figures of turnover of this institution for the last three or four years. In 1931–32, it was 279 tons; in 1932–33, it was 51 tons; in 1933–34, 203 tons and in 1934–35, 170 tons. The profit for these years are for 1931–32, Rs. 4,436; for 1932–33, Rs. 4,150; for 1933–34, Rs. 9,126 and for 1934–35, Rs. 6,629. So, in proportion to the reduction in turnover, there has been a reduction in profit and now the department proposes to increase the outturn and the profit by asking other departments, as I said a minute ago, to get all their supplies from this factory. I hope what I have said will convince hon. Members that this institute is not working at a loss.

“Now, I would like to point out that we should not take the manufacture of soap alone as the only activity of this institution. It has two other activities, namely, research and education. In the field of research and education, it has been doing good work. Till recently the Superintendent had been engaged in soap making. That work is now over and he is engaged in improving various oils.

“As regards Mr. Ranganatha Mudaliyar’s suggestion that the capital of the concern should be revalued. I am quite willing to look into the matter.

“The hon. Member’s next suggestion was that the Government should not keep these experts on a temporary basis. He said that insecurity of tenure takes away the incentive of these men to do their best. To some extent it is true. As a matter of fact, in the case of these experts, we have been appointing them on contract; especially during these days of depression it has not been possible to make all these appointments permanent. But I do hope that a time will come when all these experts will be made permanent and the best work got from them. In view of these remarks and in view of my assurance that we shall endeavour to make the manufacturing aspect of the institute pay as much as possible, I hope my hon. Friend will withdraw his motion.”

The amendment was by leave withdrawn.

The House then adjourned for lunch.

(After Lunch—2–30 p.m.)

* Mr. K. A. NACHIYAPPA GOUNDER:—“Sir, I beg to move the amendment standing in my name which runs as follows:—

‘Add the following at the end:—

“and, on such consideration, this Council is of opinion that the proposal for the drastic reduction in the budget estimates under grants for water-supply and drainage purposes, a very

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important service of vital necessity, is not a sound policy, but on the other hand effective steps should be taken to spend the whole amount, and even ask for more by relaxing the conditions for the issue of such grants, in view of the difficulties experienced in, and the unhappy position of, the rural areas, and especially the panchayat towns in the matter of water-supply and drainage system."

On going through the Public Accounts Committee Report, I am sorry to find that as a remedy for the surplus being left under the item of mufassal water-supply and drainage, the 'Local Self-Government Department have agreed to make a drastic lump-sum deduction in the budget estimates under the above head in future years and the percentage of deduction to be made on this account is being examined.' I am really much worried to find these remarks in the report. Sir, this is a matter wherein you will require any amount of funds to relieve the sufferings of the people. You will find to-day that many of our villages and towns are badly in need of such amenities. When we make complaints about this, we are confronted with the answer that the Government have not got sufficient funds forthcoming to meet such expenditures, but in the Public Accounts Committee Report, we are surprised to find that they do not find the means to expend the money and surrender a good deal of this meagre allotment. This is rather a curious position and, in the best interests of the country such a thing should not be allowed to repeat. I may say without fear of contradiction that in almost all the districts the rural areas especially panchayat towns are badly in need of real help in the matter of a suitable water-supply and drainage scheme. But even in cases where some schemes are thought of or formulated, we find that they are not carried through with sufficient care and enthusiasm and the Government and the department instead of helping raise all sorts of intricate and impossible problems and thus they are not brought into fruition in time and the grants that are allotted for these schemes are not spent. So, Government should look into this question and see that this state of affairs does not continue any longer. As a concrete example of delay, I may state here that with regard to the proposed scheme of Salem water-supply from Mettur Reservoir, the Government are not taking as much enthusiasm as they ought to in such matters. This is indeed a sorry spectacle that the Government should move in such a slow manner, instead of taking prompt and immediate steps to complete the work without any delay. I think I will be relevant to speak on this subject . . ."

* The Hon. the PRESIDENT:—"Is Salem a panchayat or a municipality?"

* Mr. K. A. NACHIYAPPA GOUNDER:—"Though it is a municipality, it comes under the general schemes of water-supply and about the delay caused in such matters I think I can have my say, Sir. With regard to this scheme, Government have passed orders for appointing a staff to prepare the plans and estimates necessary for the purpose. I

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am very sorry to hear the other day, from an answer to a question of mine, that the staff had not yet been appointed. I think the order for appointing a staff was made as early as May or June 1935, but the whole thing was kept without any action being taken almost up to this date. That is what I infer from the answer. This state of affairs is not conducive to the best interests of the country. If the Government take up a scheme, they should see that it is pushed through and brought into effect as early as possible and no loss of time should be allowed, because of such waste of time the Government are put to the necessity of surrendering the grants if not in this work but in other works for which allotments are made. I wish the Government look into this question and see that such delays are not made in future and that the schemes are carried out as quickly as possible.

“Then with regard to other areas where schemes for water-supply and drainage are an immediate necessity, I may state here that I have put a number of questions in the matter of such schemes for the panchayat town of Yedapadi in Salem district. That is a considerably big town and is very thickly populated. It is in acute need of a proper water-supply and drainage scheme. For all the questions that I put the answers consist of some lame excuses and oftentimes it is said that for want of funds the Government were not able to take up such schemes. I also learn, Sir, that in making these grants the Government impose so many conditions and one of such conditions is that the local body will have to find one half of the amount required for the scheme. In very many cases the panchayats are not able to comply with these conditions and cannot undertake any scheme at all, but allow the people to continue to suffer endlessly. So I urge upon the Government to examine this question and see that such areas as are in acute need of such schemes, are given help by relaxing the conditions and giving as much grant as is necessary. With these objects in view, I move the amendment standing in my name and request that the Government at least in future should help the rural areas by pushing through the schemes as quickly as possible so that those areas may derive the benefit early. In this connexion I would also urge once again that Government ought to revise their conditions for making grants so that the rural areas and panchayat towns may take advantage of them as much as they can and introduce water-supply and drainage schemes which are the needs of the day.”

Rao Sahib V. I. MUNISWAMI PILLAI:—“I second it.”

The Hon. Mr. P. T. RAJAN:—“Sir, my Hon. Colleague was not aware of this amendment. I have just sent word to him, and so I move that it may be taken up a little later.”

* The Hon. the PRESIDENT:—“The Hon. the Chief Minister could not have been unaware of this item, because it was the first to be taken up after lunch. Mr. Russell may answer.”

* Mr. T. B. RUSSELL:—“Sir, I was not present in the House when my hon. Friend, Mr. Nachiyappa Gounder was speaking on this motion in regard to rural water-supply. I should like in the absence of the

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Hon. the Chief Minister to emphasize the fact that the Government are fully alive to the necessity for these works and that there are only two considerations which prevent them from proposing a larger amount of money for them. One of these considerations is that the supply of funds available is strictly limited. In addition to that there are certain administrative difficulties. The question of water-supply is a very difficult and complicated matter and it is not always possible for the Government to get certain preliminaries done quickly."

* Mr. K. A. NACHİYAPPA GOUNDER:—"I am not satisfied with the answer. According to the report a good deal of amount has been surrendered and Government do not seem to have taken proper steps to see that the schemes were pushed through without much delay and there is no definite promise either and the Minister himself is conspicuous as he is absent. So I would like to press my amendment."

The amendment was put and lost.

2-45
p.m.

* Mr. K. A. NACHİYAPPA GOUNDER:—"I move, Sir, that the following may be added at the end:—

'and on such consideration, this Council is of opinion that the fact of allowing a good portion of the grant under "Electricity" —Grant XVI to lapse is much regrettable and cutting down the grant for future years is not a correct policy, but prompt steps should be taken to sanction schemes in the matter of expansion of electricity to all possible places at an early date, as it is likely to yield good profits also.'

Sir, just a day or two ago, in answer to a question of mine, the Government said that they were charging 1 anna per unit of electricity used for agricultural purposes. It is not sound in principle and it is no wonder that Government are surrendering huge sums if they adopt such stringent rates. We find from the report that about 46.3 per cent of the amount available for expenditure was surrendered. If the Government had taken prompt steps in the matter and had also taken a correct view in regard to the supply of electricity to rural areas and in popularizing the same and to make it economical for the ryots also to use this power, I do not think there would have been any necessity to surrender anything at all and works may be carried on to any extent. They could also have earned sufficient profits on the sums invested by them.

"As regards the rates, the Government should give some consideration to the point of view of the ryot and reduce the rates for agricultural purposes. The Government should also push on more vigorously with the distribution of electricity to rural areas. I understand that the Mysore Government charge only 6 pies per unit for agricultural purposes; if so, I cannot understand why our Government should charge 1 anna per unit. In order to help the agricultural population as much as possible, the Government should reduce the rates and extend their rural supply schemes.

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"In the matter of the extension of electric supply to various towns, the Government must move more quickly. If they had done so, there would be no necessity to surrender any allotment. I have been repeatedly drawing the attention of the Government to the extension of electric supply to a number of towns in Salem district, such as, Trichengode, Yedapadi, Sankari, etc., but the Government have been saying that they were in correspondence with the company. I submit, Sir, that a good deal of time has been wasted in this correspondence and that the Government should take up such matters in right earnest and do things quickly. In future years there may not be sufficient money for making allotments for electric supply schemes; therefore I urge that Government should push forward vigorously with electric supply schemes when funds are available.

"With regard to profits also, in answer to a question of mine the other day regarding the electrification of Kodumudi town, the Government said that they considered that the total expenditure that is to be incurred on any scheme should not be more than eight times the profits realizable from it, that is to say, the profits should be $12\frac{1}{2}$ per cent. Government should not look forward to get this high rate of profit. I do not think, Sir, that they are getting this high rate of profit in other undertakings. Even the private money-lenders do not get such high rates of interest in the money-dealings in these days. If the Government reduce the rate of profit that they expect from such undertakings, I think they will be able to take up readily and push on with more electrification schemes and thus, there will be no necessity for surrendering any portion of the allotment and thereby get a large amount of profit if not from few, but from a large number of such schemes.

"It is only to impress these few points, Sir, that I gave notice of my motion. I hope the Government will take note of them and see that they set about the work of electrification of as many places as possible in right earnest, and see their way to reduce the rates also."

The motion was duly seconded.

* The Hon. Sir K. V. REDDI NAYUDU:—"Mr. President, Sir, while I oppose the amendment of the hon. Member I must say I am in great sympathy with the hon. Member for in effect what he urges does not differ from the policy of the Government. Apart from the question of extending the lines to the various villages and towns in which my hon. Friend is interested and about which he is never tired of asking questions in this House, I must say that so far as the other portions of his amendment are concerned, the answer to them will be found in a note which was supplied to the Public Accounts Committee which was completely satisfied with it. The note says that the net savings in 1933-34 were Rs. 21,28,875. The net saving is to be accounted for by the non-expenditure of almost the entire provision under 58-j. Cochin line. The hon. Member will notice that the amount originally meant for the Cochin line under 58-j. is about Rs. 15 lakhs. As the scheme was dropped by the Government in the course of the

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year in favour of a more profitable scheme within the presidency, a sum of Rs. 14,98,500 was resumed by Government. The hon. Member is perhaps aware that our attempts to enter into an agreement with the Cochin Government could not be continued after a certain stage as the Cochin Government had arranged for their own electric supply. Again under 58-k. Erode-Trichinopoly line, there was a budget provision of Rs. 13,52,000. But owing to unforeseen causes such as the delay in getting the guarantee of revenue from the principal consumers at Trichinopoly and the sanction to the scheme being accorded very late in the year, the entire budget provision except about Rs. 2,000 had to be resumed by Government. But in subsequent years there was no necessity for such surrenders. Savings are to be found only in the year 1933-34 and these two reasons given in the note, namely, the dropping of the Cochin Scheme and the fact that the sanction for the Erode-Trichinopoly line was given late in the year, explain why such savings were made. But I may assure the hon. Member that wherever there is any possibility of spending any amount with profit, certainly the Government will accept his suggestion with the greatest pleasure. In fact I may add here that in the Chief Engineer for Electricity, the Government have got an officer who is perhaps very pushful—if I may use that word—in working these lines and securing as much profit as possible without any hardship to the people.

“The hon. Member has mentioned the case of Mysore. I have often said that the conditions in Mysore may not be the same as those in our province and any analogies drawn from any other province or State may not be applicable to our province. At the same time, I think I may assure my hon. Friend that no opportunity would be lost in pushing forward with electrification works wherever possible so long as it is not detrimental to the public revenues. For my hon. Friend must remember when he is asking for a reduction in the rates charged for electric current, that Government have been financing these electric works from the revenues of the province and that they must get adequate return for the investment in order that they may fulfil the trust placed in them to the satisfaction of the country as a whole. Judged by that standard, I think it cannot be said that the Government have failed to discharge their trust so far as the great electric works undertaken by them are concerned.

“As regards the other points raised by the hon. Member, I can assure him that every effort will be made to carry out the policy suggested by him to the extent that is possible under the circumstances. So far as the villages to which he has referred are concerned, enquiries have been made and it was found that in the case of one village it was not possible to execute the work as the requisite revenue cannot be expected from it. As regards the other villages, enquiries are going on and I can assure the House that wherever possible, subject to the accepted principles which have been so often mentioned in this House, these works will be carried out with the greatest possible speed in the circumstances. I therefore hope that the hon. Member would have no objection to withdraw his motion.”

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* MR. K. A. NACHIYAPPA GOUNDER:—" Mr. President, Sir, I have no objection to withdraw my motion. But I should say that the assurance given by the hon. Member with regard to the rates is not encouraging. I hope he will go into the question once more and I am sure he will find that if he reduces the rates, he will be able to extend these schemes to a much greater extent and realize a good deal more by way of profit although the actual percentage may not be as high as he expects. With these words, I beg leave to withdraw my motion."

The amendment was by leave withdrawn.

* MR. K. A. NACHIYAPPA GOUNDER:—" I beg to move, Sir, that the following be added at the end:

'and on such consideration this Council is of opinion, that the slackness in the matter of acquisition of house-sites for depressed classes is not at all desirable when in very many places they are suffering for want of proper sites for their dwellings, and effective steps should be taken to push on a vigorous policy of providing suitable house-sites for these unhappy classes of people.'

Sir, the Government have allowed a good deal of the amount allotted for this purpose to lapse and the excuse put forward is that the Commissioner of Labour has reported that it was too late to begin the work and he could not spend the amount within the financial year. I am sorry, Sir, that we cannot accept this kind of answer. My point is whenever any amount is allotted for a useful purpose like that of providing house-sites for the depressed classes, the opportunity must not be lost but must be availed of to the fullest extent. We find, Sir, in rural areas, in very many places the depressed classes people have no proper house-sites at all and they are dwelling in low places which are very often submerged during times of rain. This state of affairs exist, I should say, in all districts and the majority of cheris are suffering by this kind of difficulty. So, it must be the endeavour of the Government to see that as much amount as possible is allotted and spent to the fullest extent so as to give relief to these needy people. In all places we find that they are hard pressed for house-sites and so I wish the Government would see that they make use of the allotment and give better places for these people to live in. With these words I beg to move the motion."

3 p.m.

Rao Sahib V. I. MUNISWAMI PILLAI:—" Sir, I beg to second the amendment moved by my hon. Friend. I shall try to point out that the explanation given by the Labour Commissioner is not at all satisfactory. I find, Sir, that under Grant 39, a large sum of money was not at all utilized for the purposes stated therein, especially on the acquisition of house-sites for depressed classes. If you take a list of the amounts allotted to the depressed classes for house-sites during the last four years, it will be thus;—originally it was Rs. 2½ lakhs; subsequently it became Rs. 2 lakhs; it now stands at Rs. 1.50 lakhs. For

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some time the post of the Labour Commissioner was abolished and they could not utilize the full amount set aside for the acquisition of house sites. It is not only in one district; in all districts there is much clamour for the acquisition of house-sites. Even the Public Accounts Committee that went into this matter say that the Commissioner of Labour should not have stopped the acquisition of land for the depressed classes without taking the orders of the Government in the matter. It is a very serious matter that the Labour Commissioner did not take the permission of the Government for utilizing the amount set aside for house-sites. His only explanation is that he came to the conclusion that, in view of the Government's financial position, it was better to adopt a policy of caution. The Government themselves and the Legislative Council after considering many items, allotted these amounts for house sites. The excuse of the Labour Commissioner which I just now read out is a very lame excuse. It is high time that the Hon. Member who is in charge sees that these amounts which are very necessary for the advancement of the depressed classes should not be cut. So, I would earnestly appeal to the Hon. the Home Member to see that he brings forward a supplementary grant and to see that the amounts already surrendered are sent to the Labour Commissioner and utilized at least in future years. With these words I second the amendment of Mr. Nachiyappa Gounder. In very many places the depressed classes are suffering for want of proper house sites for dwelling. Effective steps should be taken to supply them with house-sites."

* The Hon. Rao Bahadur A. T. PANNIRSELVAM:—"Mr. President, Sir, I think it is hardly necessary for me to inform the House at this stage how anxious the Government have all along been to do all they can to ameliorate the condition of the depressed classes people and to provide as much as possible every kind of amenities. No doubt a point has been made by the mover and seconder of the motion about the non-utilization to the fullest extent of the fund allotted during the year 1933-34. I should like to point out that, that was the time when there was financial stringency and it was not possible to have a full-time Labour Commissioner. Hon. Members of the House will be aware how this post which was created mainly to cater to the needs of the depressed classes had for some time to be kept in abeyance, owing to the financial strain which the Government was at that time feeling. But the post was resuscitated next April in 1934 and since then the activities of the Labour department by way of providing amenities to the depressed classes have been going on in full swing. The hon. Member for Ootacamund pointed out that the amount provided in the budget for the purpose of acquiring house-sites for depressed classes was gradually becoming less and less. But I think he would also realize that the difficulties of the Government in the matter of balancing the budget have been more and more and it certainly will not be possible for the Government at the present stage of their finances to go on increasing the provision in one particular field without affecting others. As far as funds permit, I may assure the House that steps

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will be taken and I am sure the activities of the Government in the past will also convince hon. Members of the House how very solicitous the Government have been, are and will be about ameliorating the condition of the depressed classes. As far as the acquisition of house-sites is concerned, it will be within the knowledge of hon. Members how there has been a widening of the policy of the Government so as to provide house-sites not merely for the depressed classes people but also for every landless agriculturist and how the policy has been further enlarged by providing that instead of requiring the depressed classes people or others for whom house-sites are required to deposit the full amount, the Government would make a half grant and advance the other half as loan to be paid in equated annual instalments to be spread over a long period. I may assure the House that to the extent to which finances permit, it would be the policy of the Government to provide not merely for the members of the depressed classes but also for other houseless and landless agriculturists, sites to erect dwellings upon. With this assurance I expect even my hon. Friend from Salem will withdraw his motion."

Mr. K. A. NACHIYAPPA GOUNDER:—"I withdraw my amendment."

The amendment was, by leave, withdrawn.

* Mr. K. A. NACHIYAPPA GOUNDER:—"Sir, I beg to move the last amendment standing in my name:—

'Add the following at the end:—

"and on such consideration, this Council is of opinion that the proposal for the withdrawal of the concession in registration charges for co-operative societies is not a move in the right direction and better interests and growth of these useful institutions; and besides the existing concessions, the matter of free grant of encumbrance certificates should be considered and given effect to instead of collecting half rate as it is inadvisable and unsafe to advance loans without looking into the encumbrances of properties and the borrowers find it hard to obtain encumbrance certificates by payment of even half rates on account of the necessity of paying heavy sums due to fragmentary nature of their holdings, and that the concessions so far given to the Land Mortgage Banks in such matters be continued for a further period of at least five years".

I am compelled to move this motion as I am perturbed by the statement made by Government at page 22 of the Public Accounts Committee Report. Here the Government tell the members of the Public Accounts Committee that they are considering a proposal to levy full rates of registration charges for the co-operative societies. I am glad to find that the Public Accounts Committee has made a recommendation that the Government should not do like that but must

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allow the existing concessions. I hope the Government will take the advice of the Public Accounts Committee in the right spirit and allow things as they are now. But I will not be satisfied with this concession alone; I should ask the Government that the original concessions they were enjoying should be brought in again. For carrying on the activities of the co-operative societies safely, they will have to obtain encumbrance certificates in a very large number of cases. If the Government were to charge even this half rate in the matter of obtaining encumbrance certificates, it will be very difficult to carry on the activities of the institutions. I may inform this House that in recent years resettlement has taken place in many districts and the position has become very difficult on account of that fact. As a consequence of survey and resettlement, many holdings have been converted into many small fragments and for each survey number we have got a good number of subdivisions. If a person wants to mortgage his lands, he is required to obtain an encumbrance certificate for each of the small holdings he has in different places and in different survey fields and he will have to pay a large amount for getting it. For instance, if a man is desirous of taking a loan of Rs. 100 and is obliged to pledge his lands which oftentimes consists of five or six fragments in various survey numbers—each having an extent of a few cents—and if he is to get encumbrance certificates, he will have to pay a great deal by way of fees for them. For these six different fragments he will have to pay about Rs. 24 to get the encumbrance certificates. To get a loan of Rs. 100 if one has to spend the considerable sum of Rs. 24 on encumbrance certificates which is afterwards a waste for him, will it be possible for the man to take advantage of the facilities offered by co-operative societies? It is quite necessary that some arrangement should be made by which those people who wish to take advantage of the facilities offered by co-operative societies, would be exempted from payment of the fees for encumbrance certificates. Recently such a difficulty was brought to my notice; from the co-operative union the matter has been taken to the notice of the District Bank, Salem, and I think the Salem District Urban Bank will be addressing the Government on the matter. The District Bank, Salem, adopt a system by which they do not require the production of encumbrance certificates in case of loans to be repaid in less than five years. I do not think it is safe to put these co-operative institutions which are working on mutual understanding and help, to the necessity of incurring the risk of advancing loans without looking into the encumbrances on properties. It is therefore quite necessary that these encumbrance certificates should be got free by these institutions which render help to their members who are mostly poor ryots. I would therefore insist on the Government examining this question. After all, Sir, my amendment is a moderate one and there can be no difficulty or substantial loss to Government in accepting it.

3-15 P.m. “Then with regard to the land mortgage banks, the Government have given this concession and it is being enjoyed now. I think the period expires this year or in 1937, and it is quite necessary that the

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period should be extended by some more years, so that these infant institutions may grow further. Even with the help of the present concessions we note, Sir, that these institutions find it difficult to get on and make themselves largely useful; and if the concessions are not to be extended, I am afraid the institutions won't survive but will die a natural death. So, Sir, I request the Government, to consider this question also and to continue the concession now enjoyed by these institutions at least for the next five years to come."

Rao Sahib V. I. MUNISWAMI PILLAI:—"Sir, I rise to second the amendment. Before the retrenchment committee days, the co-operative societies were allowed the concession of having free registration and exemption from stamp duty; but after the retrenchment committee days, the societies were charged half registration fee and half stamp duty. I know, Sir, that most of these primary societies, whether they make a profit or not, are forced to pay these rates; and so far as building societies are concerned, I know they are charged 50 per cent stamp duty on all documents registered. My Friend has already requested the Government to see that the concessions that were allowed in the pre-retrenchment committee days are given now.

"Again, Sir, the Government are charging full audit fees for all the societies and are thereby getting enormous money which they do not solely utilize on the staff maintained for these audit purposes. I know there is a certain amount of saving which can be very well utilized for allowing these concessions. Moreover, Sir, the Government insist that every society, whether it makes a profit or not, should make a certain allotment towards the reserve fund of the society. Of course it is a good thing that a society must have a saving on which it can fall back in bad times, but if Government insist on such a rule being followed, they must equally see that some privileges are allowed to these societies in the way of these concessions.

"With these remarks, Sir, I request the Government to kindly see that the concessions are given to these societies, as before."

* The Hon. Mr. P. T. RAJAN:—"Sir, this is a matter which went before the Public Accounts Committee and their recommendation is that the existing concession of taking half-rates from co-operative societies should be allowed to continue irrespective of the nature of the report which was expected from the Inspector-General of Registration. Secondly, dealing with the land mortgage banks, they state that the concession given to the land mortgage banks should continue for a further period of two years. This is the recommendation of the Public Accounts Committee, but before the Government could consider it, my hon. Friend has come forward with a resolution that the concession of half-rates should be abolished and that the societies should enjoy a full concession. Sir, time was when these co-operative societies were given the full concession. It was brought to the notice of the Government that the concession was abused by some of the societies. It was further pointed out by the Inspector-General of Registration, as early as 1930.

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(during the retrenchment days) that the work done by the Registration department for the co-operative societies had been increasing to such an extent that the work could not be done any further without charging fees. In view of that, the Retrenchment Committee recommended the charging of half-fees. We also asked the Registrar to report to the Government the effect of charging half-fees; and he told us that—

‘It will be recognized that centrals banks and primary societies should confine their attention to short-term loans and to the financing of the agricultural needs of members, and that the grant of long-term loans on mortgage of properties is definitely the function of land mortgage banks. The short-term loans are usually granted on the surety-ship of members and not on the security of property and bonds executed by the members need not be registered by the members. Secondly, the number of references to the Registration department has decreased.’

As has been pointed out by the Registrar, the business of the co-operative societies is to give short-term loans, and those loans should be given on personal security and not on the mortgage of any property. The effect of having this rule is that societies are working on proper lines. Such being the case, I do not see any reason why this concession should be extended. As I said, there was a time when this concession was necessary, but the time has now come when the societies should be able to stand on their own legs. I therefore feel that it will not be possible for the Government to comply with the request of the hon. Member; but as I already stated, the Government have not yet considered the question, and if the report of the Inspector-General of Registration is such that the present concession can be continued, the Government will consider the position favourably.

‘As regards land mortgage banks, I quite agree that these banks require the concession for some time to come. As a matter of fact, this was requested by the President of Central Land Mortgage Bank, and it was also recommended by the Registrar of Co-operative Societies, and so the Government accepted it. This concession has been enjoyed for a period of three years now and it has been further extended for two years. It will be time enough, when that period expires, for Government to consider whether the concession should be extended again or not. In these circumstances, I feel it will not be possible to give full concession, because, as I said, apart from the additional work thrown on the Registration department, co-operative societies must really work on real co-operative lines. This levy of half-fees has certainly helped to achieve that object, as reported by the Registrar of co-operative societies.

‘Then, Sir, my Friend Mr. Muniswami Pillai in seconding the amendment of Mr. Nachiyappa Gounder stated that the Government are charging audit fees and that they are making a profit out of it. I am afraid that that statement is not based on facts. Whatever amount is collected by way of audit fees is just enough to meet the cost of establishment which is meant to do this work. If Government really make a profit, certainly he will then be entitled to ask for some concession, but so long as Government are not making any profit out

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of these audit fees, I think he has no case. I may add, Sir, that Government will only be too glad to consider the question of continuing the half-fees when the time comes, and secondly that the case of the land mortgage banks will also be considered when the present period expires. With these words, Sir, I regret I am unable to accept the amendment of Mr. Nachiyappa Gounder."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Sir, there is some misconception here. The Hon. Minister has just read the letter from the Registrar of Co-operative Societies, in which it is said that the ordinary primary society is intended only to grant short-term loans and so there will be no need for those societies to apply for encumbrance certificates. I fear, Sir, the Registrar has been writing more about the theory than the actual practice. There are two considerations which ought to change the view that has been put forward. One is: Apart from the ordinary days, in these extraordinary days, in every society in the province, there are overdues. Special establishments have been engaged for the purpose of examining every debt and taking security and giving an extension of time for repayment of the money overdue. In most of these cases, the extensions are for five, six and even ten years, and security in the shape of immovable property is always taken. So, at the present moment, almost every society in the province is taking mortgages to cover the risk of loans already advanced. I believe the Government have been pressing on the societies to adopt this policy and I think some establishment has also been sanctioned by the Government in regard to this matter. Such being the case, now to advance the argument that the primary societies should ordinarily deal only with short-term loans and there is no need for taking security of immovable property, is not quite correct.

"Secondly, Sir, the primary society is dealing not only with short-term loans but also with what is called the intermediate loans. Loans in co-operative parlance are divided into three classes: One is the short-term loan to finance agricultural operations: Secondly, there is the loan that is required for three, four or five years for purposes of buying cattle, manure and other needs like that, which can be repaid only within three or four years from out of the produce; and thirdly the long-term loans for which the land mortgage banks have come into existence at the present moment in some of the districts. There again, Sir, there are a large number of districts in which there are no land mortgage banks and in those districts long term loans up to 5 and in some cases even 10 years are being advanced by ordinary primary societies also. Apart from that, intermediate loans for four or five years are being advanced by primary societies and where a pro-note is taken, the pro-note has to be registered, because the term of the loan is for four or five years and therefore security in the shape of immovable property has to be taken. This point also requires consideration. So, Sir, I beg to submit that in these two ways, the opinion of the Registrar requires amendment. So, I would urge on the Hon. the Minister to

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bear this in mind, especially the fact that on account of the depression and the consequent delay in the payment of the loan by the ryots, amounts have become overdue, and security has to be taken. In cases where encumbrance certificates are to be taken, every concession should be shown, because that is a case in which the ryot is not in a position to pay back the money and extension is granted to pay back the money in easy instalments, and as I have already stated these instalments go up to ten years. That being the case, to ask the ryots to pay for the encumbrance certificates at a time when they are so much in difficulty and they are not even able to pay the ordinary instalments, will work a great hardship on them. I would therefore ask the Government to consider these matters before they pass final orders on this question."

* Mr. K. A. NACHIYAPPA GOUNDER:—" Mr. President, Sir, I am not at all satisfied with the answer given by the Hon. the Minister. He has not at all considered this question with any sympathy. I think if he had known the real difficulties that these societies are undergoing, he would have undertaken to examine the question with due care and sympathy. He said that these concessions have been misused and that is why Government were put to the necessity of charging fees. (The Hon. Mr. P. T. Rajan: 'I said that was one of the reasons'.) If, Sir, the Government had noticed any misuse, it was up to them to devise ways and means of putting a stop to such things; but they should not curtail the concessions granted so far. Apart from the question of fees for registration, the fees for encumbrance certificates is a very great problem and the Government should at least consider this with sympathy. Otherwise, I fear these co-operative societies will be put to much difficulty. As the Minister has not shown any sympathy towards these things, I am sorry I have to press this motion."

The amendment was put and lost.

* The Hon. the PRESIDENT:—" We have covered all the amendments. I believe the House is ready to proceed with the next item on the agenda."

V.—STATEMENT *RE* DURATION OF SITTING.

* The Hon. Sir K. V. REDDI NAYUDU:—" Before other work is taken up, Sir, I wish to make a statement regarding the business of the House and the continuance of this meeting. We have been sitting for the last 7 or 8 days and I have been asked how long the House will sit and continue the sittings at this meeting. I may mention, Sir, that of course, to-morrow will be taken up for non-official business. Such Bills as could be passed to-day, that is, whose names have been mentioned on the agenda, will be passed. As regards one Bill, Government are very particular that it should be passed at this meeting, that is, the Madras Public Service Commission Bill (Bill No. 19 of 1935). I have received a requisition from a number of Members of the House that the work of the House may be adjourned after the sitting of to-morrow.